NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION, INCORPORATED

Board of Governors Policy

POLICY '

Reserve Finance Policy

NECA shall establish and maintain a financial reserve for the purpose of providing stability of association operations and responding to unpredictable problems and opportunities. It shall be a goal to maintain restricted reserve funds equal to the annual operating expenses of the association. The minimum fund shall be equal to at least six months operating expenses and not in excess of two years operating expense. Operating expenses are averaged over a five-year period.

The Executive Committee may utilize up to 7% of the value of the restricted reserve fund for annual operations. The value shall be determined at fiscal year end. To meet short-term cash needs the Executive Committee may transfer additional amounts to the operations account provided such amounts shall be returned to the restricted reserves during the following fiscal year. All other withdrawals from the restricted reserve require prior authorization by the Board of Governors.

The restricted reserve shall be managed by recognized professional investment managers in a formal, diversified plan approved by the Executive Committee and may be invested in traditional vehicles such as stocks, bonds, and cash. The reserve may also be used to finance a permanent building and property for use as association offices. (Adopted Oct. 16, 2004)